



# FACT SHEET

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## *U.S.-Korea Free Trade Agreement* **New Jersey Farmers Will Benefit**

September 2008

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The United States concluded free trade negotiations with Korea on April 1, 2007. The U.S.-Korea Free Trade Agreement (KORUS FTA) is the most commercially significant free trade agreement the United States has negotiated in nearly 20 years.

The KORUS FTA provides immediate elimination of duties on more than 60 percent of current U.S. exports and gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of New Jersey's agricultural products, including fruits, dairy products, and vegetables. New Jersey's agricultural exports to all countries, estimated at \$245 million in 2007, supported about 2,610 jobs, on and off the farm. These export sales make an important contribution to the New Jersey farm economy, which had total cash receipts of \$945 million in 2007.

**Fruits.** New Jersey blueberry and peach growers together generated \$122 million in farm cash receipts in 2007, and the state's fresh and processed fruit shipments overseas were estimated at \$28 million in 2007. Fruit growers will benefit from this FTA.

- The 45-percent tariffs on blueberries, cranberries, and peaches will be phased out over 10 years.

**Dairy.** Farm cash receipts from the dairy industry totaled \$32 million in 2007. New Jersey dairy farmers will benefit from this FTA.

- The FTA will provide immediate duty-free access for double the current export volume of total dairy products. Duty-free quotas will be established for cheese, skim/whole milk powder, food whey, and butter.
- Current annual U.S. feed whey exports of \$8 million will gain duty-free access to the Korean market immediately upon implementation.

**Vegetables.** New Jersey vegetable growers generated cash receipts of \$72 million dollars in 2007, and the state's fresh and processed vegetable shipments overseas were estimated at \$17 in 2007. Vegetable growers will benefit from this FTA.

- Tariffs on canned and processed tomatoes, and fresh cucumbers will become duty free immediately.

**Soybeans and Products.** New Jersey soybean producers, with cash receipts of \$21 million in 2007, will benefit from this agreement.

- The greatest potential benefit for the soybean sector is likely to come from improved access to Korea's 300,000-ton market for food-quality soybeans. Korea has agreed to immediately eliminate its 5-percent tariff on food-use soybeans.
- Korea will establish a duty-free quota starting at 10,000 tons for identity-preserved soybeans for food use (the production of soybean curd). This quota will operate outside the current state trading entity, which has charged a reported \$250 per ton markup on soybean imports supplied to soybean curd processors. (For comparison, based on trade data, Korea's average 2006 import price for soybeans used for food was \$330 per ton. This markup brings the price for imported quality beans to \$580.)
- Korean tariffs on imports of crude soybean oil (the majority of Korea's soybean oil imports) will decline from the current 5.4-percent tariff over 10 years. Refined oil tariff rates will decline from the current 5.4 percent in five equal annual reductions. Korea's 3-percent tariff on soybean flour and meal will immediately go to zero.

*For questions about the U.S.-Korea Free Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs Office at (202)720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).*

*For detailed information on how the Agreement benefits specific commodities, please visit:*

*<http://www.fas.usda.gov/info/factsheets/Korea/us-koreaftafactsheets.asp>*